



On energy, the leave-us-alone-but-give-us-our-subsidies line

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TAMPA — I am always skeptical of big energy because of how much energy companies seek subsidies, handouts, mandates, and quotas.

For instance, **Duke Energy** CEOs have supported carbon taxes and Cap and Trade. **Rio Tinto**, a huge uranium mining company, has backed cap-and-trade, which would drive more business to nuclear. Chesapeake Energy, a natural-gas titan, pushed a regulatory war on coal by **funding environmentalist groups**. Natural gas mogul T Boone Pickens has been fighting for **subsidies for natural-gas-powered cars** (and giving journalists **free coffee and water** at the Convention Center to make its case).

So, with great interest I listened to Southern Company CEO Thomas Fanning this morning at an energy-policy forum outside the Republican National Convention. Fanning very briefly laid out his vision, and it was mostly a free-market vision. He called for tax reform – scrapping tax incentives, lowering the rates, and abolishing capital gains taxes. He called for “reducing overreaching regulation,” and freeing up oil, coal, and gas resources.

Nuclear, coal, oil, and gas get plenty of tax deductions and credits, but Fanning told me “I’d be willing to trade every tax benefit we get for a lower corporate income tax rate.”

On the other hand, Southern Company has profited from federal loan guarantees – not the same loan-guarantee program as Solyndra, though, so most **Republicans think that’s fine**. Also, Southern was a big leader in FutureGen, a multi-industry effort to **get federal subsidies for a clean-coal demonstration project** – though, Southern was one of the first to pull out.

“There is I think a role for the federal government,” Fanning said when I brought these issues up. “But it’s not to pick winners and losers.”

This is pretty boilerplate non-specific stuff, but Fanning drew me a diagram to make the point that government should be involved in early-stage research and development, but not when technology gets commercializable. In Alabama, the

Southern Company operates the DOE-funded National Carbon Capture Center. In all, Southern Company has raked in **\$788 million in federal grants** in the past decade, mostly for things like carbon capture and coal gasification.

West Virginia congresswoman Shelly Moore Capito, meanwhile sounded like she was having it both ways. She maintained that Obama is waging a “war on coal” through EPA regulations – she even posited that federal inmate Keith Russell Judd pulled 47% in her state’s presidential primary because voters were angry at Obama’s war on coal.

Capito critiqued cap-and-trade as “picking winners and losers in this country. That’s what cap-and-trade meant to me.”

But repeatedly, she called for subsidies for clean coal. “I think the government’s role is to incent that kind of research and development,” Capito said. “It does go to the all-of-the-above strategy.... Tax incentives – well-placed tax incentives – are what we can do at the federal level. We’ve done it before.”

Cato Institute energy scholar Jerry Taylor, on a later panel put it well, I think: “When you hear the all-of-the-above energy strategy, what you’re really hearing is ‘No Lobbyist Left Behind’.”

But from the podium this week, I expect to hear that “All of the Above” line on energy a good bit.